SUMMARY

ATY HERAWATI. IPO Pricing Model Based Valuation Empirical Study At Company Listed in Indonesia Stock Exchange 2000 - 2014. Supervised by NOER AZAM ACHSANI, SRI HARTOYO and ROY SEMBEL

The process offering securities of a company to public investors is called IPO (Initial Public Offering). At time the company do an IPO, the shares price at IPO was an agreement between the company and its underwriter. The phenomenon that occurs is the shares price at IPO lower than the intrinsic shares price based on valuation, after the shares has been traded on the stock exchange, and it also lower than the closing price on the first day in the secondary market.

The purpose of this research is to create a model of how to set the share price at the time the company will conduct IPO based on intrinsic share price valuation results. The valuation method used is the Price Earning Ratio. Research was carried out on companies that did an IPO in 2000 - 2014 with a purposive sampling of 240 companies.

Test difference of mean was conducted with test statistic independent t-test for differences between fair stock prices based on valuation with the IPO stock price, the IPO stock price with closing price on the first day of trading and the fair stock price fair based on valuation with a closing price at the first day of trading. Test difference of underwriter in generating price difference conducted with statistical test Chi Square. Test of the factors that affect Positive Initial Return performed by multiple regression and made IPO pricing model with simple linear regression.

The results showed there was a difference between fair stock prices based on the valuation and the IPO stock price. After the stock listed in the secondary market, there was a difference between IPO stock price and the closing price on the first day in the secondary market. Meanwhile, there is no difference between the fair stock price and the closing price on the first day in the secondary market. Each underwriter will produce different levels of price differences. Positive initial return is caused by factors underwriter reputation, auditor reputation, firm size, firm age and sales. While holding fractional does not affect the positive initial return. Pricing an IPO can be predicted based on the fair stock price based on valuation.

Key word : positive initial return, price difference, pricing IPO, valuation